

Saltash Partners LLC

Investing in American Ingenuity

Marc Louargand

Principal

February 27, 2010

Distinguished Members
of the Connecticut General Assembly
In Support of Bill No. 5435, 307 and 323

*Re: AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE
CONCERNING ANGEL INVESTORS AND PROGRAMS IMPLEMENTED
BY CONNECTICUT INNOVATIONS, INCORPORATED.*

Honorable Chairman and members of the Committee:

My name is Marc Louargand. I reside at 1189 Prospect Avenue in West Hartford, CT. I am an active Angel investor and a member of the Board of Directors of the Angel Investor Forum of Connecticut. I am an economist and former professor of finance and real estate at the University of Massachusetts and MIT. I am retired from an institutional investment firm I co-founded which is headquartered in Hartford with offices around the globe and over 100 employees in Hartford. My career has focused on understanding local, regional and national economies and property markets.

Despite much focus by economic development groups on the relocation of large firms to bring jobs to their geography, such efforts bring rare successes and they come at high cost. Extensive research in the past three decades has shown that most job growth comes from small firms. Many of these firms are in growth industries but the vast majority of rapidly growing firms are in mature industries. Innovation drives these firms and their job growth. These are exactly the type of firms that are the focus of Angel investors.

The establishment of an Angel investment tax credit will substantially increase the ability of investors to fund small, high growth firms. Alternative efforts to support growth by focusing on specific industries are helpful but they miss the majority of job-creating enterprise. A generic tax credit supports growth in all industries. At the Angel Investor Forum, we try to invest in local firms but also find opportunities elsewhere. The presence of an investment tax credit would tip the scales in favor of a local investment on many occasions when the decision between opportunities might go another way.

Angel investors have limited resources. An investment tax credit would stretch those resources and allow additional investments from the same allocation amount. A twenty-five percent tax credit would potentially increase Angel investment in growth firms by as much as twenty-five percent per year.

Respectfully submitted,

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